

BANK INDONESIA REGULATION

NUMBER: 10/6/PBI/2008

CONCERNING

THE BANK INDONESIA REAL TIME GROSS SETTLEMENT SYSTEM

THE GOVERNOR OF BANK INDONESIA,

- Considering:
- a. whereas to provide clarity regarding the functions of Bank Indonesia in the operation of the Bank Indonesia Real Time Gross Settlement System (BI-RTGS System), it is necessary to regulate more explicitly the segregation of Bank Indonesia functions as regulator and overseer, operator and participant;
  - b. whereas in the operation of the BI-RTGS System, it is necessary to regulate more explicitly the application of the Core Principles for Systemically Important Payment Systems (CP-SIPS) published by the Bank for International Settlement (BIS);
  - c. whereas the existing regulations governing the BI-RTGS system have not explicitly provided for the segregation of Bank Indonesia functions and have not explicitly adopted the principles set out in the CP-SIPS;
  - d. now therefore in regard to the considerations set forth in letter a, letter b and letter c, it is necessary to regulate

provisions ...

provisions concerning the BI-RTGS System in a Bank  
Indonesia Regulation;

In view of:

1. Act Number 7 of 1992 concerning Banking (State Gazette of the Republic of Indonesia Number 31 of 1992, Supplement to the State Gazette of the Republic of Indonesia Number 3472), as amended by Act Number 10 of 1998 (State Gazette of the Republic of Indonesia Number 182 of 1998, Supplement to the State Gazette of the Republic of Indonesia Number 3790);
2. Act Number 23 of 1999 concerning Bank Indonesia (State Gazette of the Republic of Indonesia Number 66 of 1999, Supplement to the State Gazette of the Republic of Indonesia Number 3843) as amended by Act Number 3 of 2004 (State Gazette of the Republic of Indonesia Number 7 of 2004, Supplement to the State Gazette of the Republic of Indonesia Number 4357);

HAS DECREED:

To enact:

BANK INDONESIA REGULATION CONCERNING THE  
BANK INDONESIA REAL TIME GROSS SETTLEMENT  
SYSTEM.

## CHAPTER I

### GENERAL PROVISIONS

#### Article 1

The terminology used in this Bank Indonesia Regulation has the following meanings:

1. “Bank Indonesia-Real Time Gross Settlement System,” hereinafter referred to as “BI-RTGS System,” means a system for electronic funds transfer among Participants in the rupiah currency with settlement processed in real time on an individual per transaction basis.
2. “BI-RTGS System Operator”, hereinafter referred to as “Operator,” means Bank Indonesia, represented by the Directorate of Accounting and Payment Systems (DASP).
3. “BI-RTGS System Participant,” hereinafter referred to as “Participant,” means a bank and a non-bank party meeting the requirements stipulated by the Operator, as well as Bank Indonesia.
4. “Settlement Account” means an account held by the Participant in the rupiah currency, administered at Bank Indonesia and used for settlement of transactions.
5. “Settlement” means the activity of debiting and crediting the Settlement Accounts of Participants at Bank Indonesia.

## CHAPTER II

### LEGAL BASIS

#### Article 2

- (1) The operation of the BI-RTGS System must have a well founded legal basis.
- (2) The Operator must make the best efforts to ensure that the operation of the BI-RTGS System has a well founded legal basis as referred to in paragraph (1).
- (3) The Operator has the function of regulating the legal relationship between the Operator and Participants, subject to the principles stipulated in this Bank Indonesia Regulation.
- (4) The legal relationship referred to in paragraph (3) shall be set out in the form of regulations issued by the Operator and the agreement between the Operator and Participants.

## CHAPTER III

### RULES AND PROCEDURES

#### Article 3

- (1) The Operator must prepare rules and procedures clarifying for Participants the financial risks pertaining to their participation in the BI-RTGS System.
- (2) The rules and procedures prepared by the Operator as referred to in paragraph (1) shall encompass rules and procedures for operation of the BI-RTGS System under normal conditions, malfunction and/or emergencies.
- (3) The Operator must publish the rules and procedures as referred to in paragraph (1) for Participants and other parties.

CHAPTER IV ...

## CHAPTER IV

### MANAGEMENT OF PAYMENT SYSTEM RISKS

#### Article 4

- (1) The operation of the BI-RTGS system must have clear procedures for management of payment system risks.
- (2) The procedures referred to in paragraph (1) must explain the responsibilities of the Operator and Participants in the management of payment system risks and must encourage the Operator and Participants to manage these risks.

#### Article 5

To minimise payment system risks:

- a. Bank Indonesia may stipulate the type of transactions to be processed through the BI-RTGS System.
- b. Bank Indonesia shall provide the Intraday Liquidity Facility as referred to in the Bank Indonesia regulations concerning the Intraday Liquidity Facility and the Sharia Intraday Liquidity Facility.

## CHAPTER V

### SETTLEMENT ASSETS

#### Article 6

- (1) Settlement of transactions in the BI-RTGS System shall be performed using the funds held in the Settlement Accounts of Participants at Bank Indonesia.
- (2) Settlement of transactions as referred to in paragraph (1) shall proceed if there is sufficient balance of funds in the Settlement Account of the Participant at Bank Indonesia.

## CHAPTER VI ...

## CHAPTER VI

### FINALITY OF SETTLEMENT

#### Article 7

- (1) The Operator shall guarantee that the design of BI-RTGS System is capable of assuring the followings:
  - a. all transactions in the BI-RTGS System that have been processed for Settlement shall be final and irrevocable;
  - b. Settlement of BI-RTGS System transactions shall be conducted in real time; and
  - c. Settlement must be processed during the operating hours prescribed by the Operator.
- (2) The prescribing of operating hours by the Operator as referred to in paragraph (1) letter c shall also include the conditions under which operating hours may be changed and/or extended.

## CHAPTER VII

### SECURITY AND RELIABILITY OF THE BI-RTGS SYSTEM

#### Article 8

- (1) The BI-RTGS System must operate with a high level of security and shall be available throughout the stipulated operating hours and be equipped with procedures for handling malfunction and/or emergencies.
- (2) To ensure the operation of the BI-RTGS System as referred to in paragraph (1), the Operator must:
  - a. provide a backup system;

b. prepare ...

- b. prepare a Business Continuity Plan (BCP) for the BI-RTGS System; and
- c. take other necessary measures to ensure the security and reliability of the BI-RTGS System.

## CHAPTER VIII

### EFFICIENCY IN BI-RTGS SYSTEM OPERATION

#### Article 9

- (1) The Operator shall convey information to Participants on the objectives, benefits and other matters pertaining to the operation of the BI-RTGS System.
- (2) The BI-RTGS System must operate efficiently and practicably for Participants and the economy as a whole.

## CHAPTER IX

### PARTICIPATION

#### Article 10

- (1) The Operator must ensure that participation criteria are objective and transparent.
- (2) To ensure that prospective Participants and existing Participants comply with the terms and conditions prescribed by the Operator, the Operator has power to:
  - a. require prospective Participants to submit documents as stipulated by the Operator;
  - b. require Participants to submit regular and incidental reports; and
  - c. conduct on-site inspections.

## CHAPTER X

### GOOD GOVERNANCE

#### IN THE OPERATION OF THE BI-RTGS SYSTEM

##### Article 11

In operating the BI-RTGS System, the Operator must implement effective, accountable and transparent governance.

## CHAPTER XI

### OVERSIGHT OF THE BI-RTGS SYSTEM

##### Article 12

- (1) As overseer of the payment system, Bank Indonesia shall oversee the operation of the BI-RTGS System to ensure the secure and efficient operation of the BI-RTGS System.
- (2) In overseeing the BI-RTGS System as referred to in paragraph (1), Bank Indonesia may request the Operator to prepare regular and incidental reports.
- (3) Bank Indonesia may request Participants to submit information pertaining to the operation of the BI-RTGS System.

## CHAPTER XII

### SANCTIONS

##### Article 13

- (1) In the course of operating the BI-RTGS System, the Operator may impose administrative sanctions on Participants.

(2) The administrative ...



- (2) The administrative sanctions that may be imposed on Participants by the Operator as referred to in paragraph (1) consist of written warning, financial penalty and/or change of participation status.

## CHAPTER XIII

### CONCLUDING PROVISIONS

#### Article 14

The provisions for implementation of this Bank Indonesia Regulation shall be stipulated further in Circular Letters of Bank Indonesia.

#### Article 15

Upon the promulgation of this Bank Indonesia Regulation, Bank Indonesia Regulation Number 6/8/PBI/2004 dated 11 March 2004 concerning the Bank Indonesia Real Time Gross Settlement System as amended by Bank Indonesia Regulation Number 6/13/PBI/2004 dated 9 June 2004 shall be revoked and declared no longer valid.

#### Article 16

This Bank Indonesia Regulation shall come into force on 31 March 2008.

Enacted in Jakarta

Dated 18 February.2008

THE GOVERNOR OF BANK INDONESIA,

BURHANUDDIN ABDULLAH

Promulgated in Jakarta

18 February 2008

THE MINISTER OF LAW AND HUMAN RIGHTS  
OF THE REPUBLIC OF INDONESIA  
ANDI MATTALATTA

STATE GAZETTE OF THE REPUBLIC OF INDONESIA NUMBER 32 OF 2008  
DASP

ELUCIDATION  
TO  
BANK INDONESIA REGULATION  
NUMBER: 10/6/PBI/2008  
CONCERNING  
THE BANK INDONESIA REAL TIME GROSS SETTLEMENT SYSTEM  
GENERAL REVIEW

In accordance with Act Number 23 of 1999 concerning Bank Indonesia as amended by Act Number 3 of 2004 concerning Amendment to Act of the Republic of Indonesia Number 23 of 1999 concerning Bank Indonesia, Bank Indonesia is vested with the task of regulating and ensuring the smooth operation of the payment system in support of the creation of an efficient, expeditious, secure, and reliable payment system. The purpose of an efficient, expeditious, secure, and reliable payment system is to support financial system stability. The creation of a payment system capable of supporting financial system stability is being progressively implemented through mitigation of various risks in the national payment system.

In this regard, Bank Indonesia has launched the Bank Indonesia Real Time Gross Settlement System (BI-RTGS System), comprising a system for electronic funds transfer among Participants, specifically banks, in the rupiah currency with settlement processed in real time on an individual transaction basis. The benefits of the BI-RTGS System, in addition to mitigating risk in the national payment system through improved Finality of Settlement, include the availability of an added choice

of a practical ...

of a practical, rapid, efficient, secure and reliable transfer facility. Moreover, the system provides real time, comprehensive information on the balances in Participant Settlement Accounts, thus assisting banks to improve discipline and professionalism in liquidity management. The banks eligible to use the BI-RTGS System are commercial banks as defined in Act Number 7 of 1992 concerning Banking as amended by Act Number 10 of 1998.

Under the previous Bank Indonesia regulation, Bank Indonesia in principle stipulated various measures to encourage the Operator and Participants to consistently uphold prudential principles, finality of settlement in the BI-RTGS System, customer protection and risk management in the operation of the BI-RTGS System. Nevertheless, Bank Indonesia in its capacity as regulator and overseer deems it necessary to introduce amendments to the provisions governing the BI-RTGS System to reinforce clarity in the various Bank Indonesia functions in the operation of the BI-RTGS System, i.e. as regulator and overseer, Operator and Participant, and to strengthen legal certainty in the operation of the BI-RTGS system. These amendments, which provide guidelines for the Operator, are set out in a Bank Indonesia Regulation.

The changes in this regulation, among others, pertain to the followings:

1. More explicit definitions of the Bank Indonesia functions as policy maker, regulator and overseer as well as Operator in the operation of the BI-RTGS System

The Bank Indonesia function as policy maker involve the making of policy for implementation of the BI-RTGS System and specification of the roles

and responsibilities ...

and responsibilities of Bank Indonesia in the operation of the BI-RTGS System, both as Operator and Participant.

The Bank Indonesia function as payment system overseer is performed through regulation, consultative meetings with the Operator, monitoring and assessment of the operation of the BI-RTGS System.

Regulation of BI-RTGS System operation is intended as an elaboration of adopted policies and to establish the rules for operation of the BI-RTGS System operation, adopting the principles of efficiency and security as guided by The Core Principles for Systemically Important Payment System (CP-SIPS) published by the Bank for International Settlements (BIS). In the performance of this regulatory function, Bank Indonesia shall conduct an in-depth analysis of research or studies and discuss this analysis with stakeholders, including Participants, when preparing and amending the rules for operation of the BI-RTGS System.

Oversight of the Operator is intended to ensure compliance with the principles for operation of the BI-RTGS System, which comprises a systemically important payment system as specified in the CP-SIPS published by BIS.

The Bank Indonesia function as Operator is performed by a unit managing the BI-RTGS System. To uphold accountability, Bank Indonesia in its capacity as Operator shall issue regular reports on the operation of the BI-RTGS System to the payment system oversight unit and the public. The requirement for reporting to the payment system oversight unit is governed

internally ...

internally by Bank Indonesia. Reporting to the public, which is also a fulfilment of the transparency requirement, includes but is not limited to the publication of the Bank Indonesia Quarterly/Annual Report.

2. Explanations of risks and the management of these risks in the BI-RTGS System

Liquidity risk shall be managed on both the Operator side and the Participant side in order to ensure the smooth operation of settlements in the BI-RTGS System. The risk management shall operate by means of mechanisms and application of regulations, including but not limited to processing of Settlement of BI-RTGS System transactions only if the Participants possess sufficient balance of funds at Bank Indonesia, the Queuing system and provision of the Intraday Liquidity Facility and Sharia Intraday Liquidity Facility for Participants.

In regard to the Bank Indonesia function as Participant, this Bank Indonesia Regulation and its implementing regulations shall in principle also apply to Bank Indonesia. Nevertheless, the functions of Bank Indonesia as Participant are closely linked to the operation of other Bank Indonesia functions, including but not limited to functions as Operator, administrator of government accounts and other functions under the powers vested in Bank Indonesia under applicable laws and regulations. Therefore, some differences will apply in practice compared to other Participants, for example, in imposition of interest and compensation for such reasons as delay in execution of transfer instructions, the drawing up of the agreement with the Operator for use of the BI-RTGS System, sanctions and transmission of debit transfers ...

transfers.

## ARTICLE BY ARTICLE

### Article 1

Self-explanatory.

### Article 2

#### Paragraph (1)

The well founded legal basis shall prescribe, among others, the validity of BI-RTGS System operation, legal certainty concerning the processing of transactions in the BI-RTGS System, finality of settlement and legal certainty over tasks that must be performed by the Operator and the obligations of Participants. These provisions shall be based not only on this Bank Indonesia Regulation and the regulations issued by the Operator, but also the legal provisions in force, such as the Civil Code that comprises the legal basis for entering into agreements between Operator and Participants.

#### Paragraph (2)

To ensure that the operation of the BI-RTGS System has a well founded legal basis, the Operator must, among others, identify particular conditions or circumstances by requesting legal opinions.

#### Paragraph (3)

The principles stipulated in this Bank Indonesia Regulation include, but are not limited to, risk management and clarity on the tasks that

must be ...

must be performed by the Operator and the obligations of Participants.

Paragraph (4)

Self-explanatory.

Article 3

Paragraph (1)

The rules and procedures shall state, among others, the system design, flow of transactions, operating hours and risk management procedures capable of explaining all financial risks that may arise in connection with participation in the BI-RTGS System.

“Financial risk” means risks arising from financial transactions in the form of liquidity risk and credit risk.

“Liquidity risk” means risk borne by a Participant if the counterparty defaults on obligations when due, but does not mean that the counterparty Participant is insolvent (unable to pay).

“Credit risk” means risk borne by a Participant if the counterparty defaults by reason of insolvency.

Paragraph (2)

Self-explanatory.

Paragraph (3)

The rules and procedures prepared by the Operator shall be published, among others, on the Bank Indonesia website or presented in meeting forums for the Operator and Participants.



#### Article 4

##### Paragraph (1)

The Operator may manage payment system risk by means including but are not limited to provision of the Intraday Liquidity facility, monitoring of balances in real time, gridlock detection and gridlock resolution.

Participants may manage payment system risk by means including but are not limited to monitoring of transaction queuing and change in transaction priority.

##### Paragraph (2)

Self-explanatory.

#### Article 5

##### Letter a

The regulation determining which transactions must be settled through the BI-RTGS System shall be based on the consideration of minimising risk in the payment system in order to maintain financial system stability.

##### Letter b

Self-explanatory

#### Article 6

##### Paragraph (1)

The Settlement Accounts of Participants at Bank Indonesia used to fund Settlement of transactions in the BI-RTGS System are regulated

according to ...

according to the Bank Indonesia regulatory provisions on the operation of demand deposit accounts held at Bank Indonesia by external parties.

Paragraph (2)

“Sufficient funds” also includes any Intraday Liquidity Facility obtained by the Participant from Bank Indonesia under the Bank Indonesia regulations governing the Intraday Liquidity Facility and Sharia Intraday Liquidity Facility.

Article 7

Paragraph (1)

Letter a

In principle, the transactions permitted through the BI-RTGS System consist of credit transfers, i.e. transactions by sending Participants for debit of the Settlement Account of the sending Participant at Bank Indonesia and credit in favour of the Settlement Account of the beneficiary participant at Bank Indonesia. In the specific case of Bank Indonesia in the capacity of Participant, transactions may consist not only of credit transfers but also debit transfers, i.e. transactions by Bank Indonesia for debit of the Settlement Account of the receiving Participant at Bank Indonesia and credit of another account at Bank Indonesia. These debit transfers may only be executed by Bank Indonesia for settlement of Participant obligations ...

obligations to Bank Indonesia or to the Government of Indonesia and for corrections to transactions, other than for the account of Participant customers, as inputted by Bank Indonesia.

“Irrevocable” means that the sending Participant is unable to debit the account of the beneficiary Participant. The action that may be taken by a sending Participant is to avail the correction mechanism or other mechanism prescribed by the Operator.

Letter b

“Conducted in real time” means that the debiting of the sending Participant account and crediting of the beneficiary Participant account take place immediately after receipt of the transfer order and completion of the validation process by the system at the Operator.

Letter c

The Operator shall prescribe the operating hours for the BI-RTGS System, the conditions under which changes may be made to operating hours and the procedure for change in operating hours, and ensure punctuality of these operating hours.

The Operator shall provide clear information on the operating hours for the BI-RTGS System, the conditions under which changes may be made to operating hours and the procedure for

change in ...

change in operating hours.

Paragraph (2)

Self-explanatory.

Article 8

Paragraph (1)

High level of security is related to trusted and commercially reasonable security standards, encompassing the principles of:

- a. confidentiality;
- b. integrity of information, without change or modification by unauthorised parties;
- c. authentication method to verify the identity of parties accessing or the hardware used in the BI-RTGS System;
- d. parties accessing information are prevented from repudiating their activity in accessing the system (non-repudiability); and
- e. auditability.

“Available” means the system is able to operate properly throughout operating hours.

Paragraph (2)

The Business Continuity Plan (BCP) shall specify, among others, alternative settlement using another system in the event that the BI-RTGS System is unable to operate properly, whether at the Operator or at a Participant.

Article 9 ...

## Article 9

### Paragraph (1)

Other matters include, for example, the basis for setting transaction fees borne by Participants, costs for provision of liquidity for Settlement and so on.

### Paragraph (2)

The efficiency and practicality principles in this paragraph are evaluated during the development stage and throughout the operation of the BI-RTGS System.

If the BI-RTGS System fails to achieve an optimum level of efficiency and practicality, the sub-optimum condition can only be justified on the basis of benefits, including benefits for the general economy. These benefits may include but not be limited to the operation of the BI-RTGS System for the purpose of minimising payment system risk and supporting financial system stability.

## Article 10

### Paragraph (1)

“Objective” means that Participant’s participation and termination in the BI-RTGS System is based on established terms and conditions.

### Paragraph (2)

Self-explanatory.

## Article 11

Self-explanatory.

Article 12 ...

## Article 12

### Paragraph (1)

Self-explanatory.

### Paragraph (2)

“Incidental reports” include but are not limited to reports on the exercise of discretion by the Operator and other reports required by Bank Indonesia in its capacity as overseer of the payment system.

### Paragraph (3)

Information pertaining to the operation of the BI-RTGS System shall be requested, among others, for the purposes of the Bank Indonesia assessment of Participant understanding of the CP-SIPS.

## Article 13

### Paragraph (1)

The procedure for imposition and specification of administrative sanctions shall be set out in the agreement between the Operator and Participants.

### Paragraph (2)

“Change of participation status” includes but is not limited to change from active to suspended participation.

## Article 14

Key material stipulated in Circular Letters of Bank Indonesia includes but is not limited to:

1. Principles for operation and oversight of the BI-RTGS System

elaborating ...

elaborating the powers exercised by Bank Indonesia as regulator and overseer;

2. Technical instructions for BI-RTGS System operation, elaborating the powers exercised by Bank Indonesia as Operator; and
3. Protection for customers of Participants.

#### Article 15

Self-explanatory.

#### Article 16

Self-explanatory.

SUPPLEMENT TO THE STATE GAZETTE OF THE REPUBLIC OF  
INDONESIA NUMBER 4820  
DASP